Special Report

How to Build An After-Tax Fortune With a Self-Directed IRA

In this research report you will discover:

- **How to Use Self-Directed IRAs and Other Plans to Build Your Future**
- **How To Secure a Life Time of Tax Free Income**
- **A Proven Strategy To Buy Your Dream Home and Avoid the Boomer Rush**
- **A Sure Fire Way To Make Every Gain Tax Free**
- **An Incredibly Simple Way to Beat Low Interest Rates**
- **9 Critical Questions To Ask if You Own a Business**
- **How Financial Professionals Can Develop Mega Business From Self-Direction**

and More...

In this special report we will take a close look at how you can build your wealth with the strategic yet simple use of a self directed IRA, or other retirement plan, including the 401k, Simple and SEP. The concept of self-direction is sanctioned and indeed created by the IRC-the Internal Revenue Code. In fact, the Code gives us a strategy that allows for tax-free wealth accumulated for our life and even for our heirs, provided we know how to use this strategy.

Most of us, even financial professionals, do not realize the full power of this strategy. Self-direction of the investments in retirement plans is not new. It was part of the government's plan in the 70's to help us save for our increasingly expensive and long retirement years. Why such lack of knowledge?

The self-directed strategy requires that we have an independent custodian and administrator for our IRA or other plan. This self-directed custodian, unlike banks, brokerage houses and other institutions that act as non-self directed custodians, must not offer investments. The purpose of the self-directed plan custodian is solely as record keeper and facilitator of our investment choices. (In the case of Entrust we have also taken on the role of educator.)

This hands-off requirement poses two problems that we at Entrust have solved:

First, most investment institutions or financial professionals will not encourage you or facilitate your opening a self directed account, as they do not make money unless they sell you an investment. Recently, forward thinking financial professionals are learning how self-direction benefits clients, and are using self-direction to accumulate their own wealth.

Solution: We, at Entrust, know many strategies that support the work of the financial professional, so you and your advisor can embrace the power of self-direction, and remain a team. We even provide continuing education credits for the financial professional that help him or her explode their business development potential. If you are a financial professional, take advantage of our strategic alliance programs to grow your business.

Second, self-direction requires you to choose the type of plan you want and the investments you put in them. You need to be a savvy investor.

Solution: Entrust has become the education brand, so that you learn self-direction and achieve investment know how, as never before.

You will find that there is a great deal of eye opening information in the pages of this report. So we suggest you get a pencil and paper, and take notes as you read. We also know that personal financial decisions are often made together with a spouse. So, whether you read this report separately or together, discuss it and take advantage.

Wealth Principle #1-Self Direction of Your Retirement Plan is Essential as Pension Plans and the "Security" of Social Security Fades, and We Enjoy Greater Longevity

Of the over $14 trillion in Retirement Plans today, more than $560 billion is invested through Self-Directed IRAs and 401Ks. This means that individuals and employers have decided to invest in those assets that they believe will give them the returns, diversity and allocation they choose. Every year, another 3%-4% of assets convert from traditional (stocks, bonds) to non-traditional assets (real estate, notes, shares in LLCs, etc).

Many factors today warrant a more complete understanding of self-directed investments by all investors and professionals. The number of plans and participants covered by defined benefit pension plans has been decreasing steadily. Covered participants declined from 687,000 in 2000 to 636,000 in 2004. Many newspaper headlines have called attention to major US companies who have eliminated the employee pension benefit. In fact, in the 90 days prior to January 17, 2006, the Wall Street Journal, New York Times and Dow Jones Newswire listed over 500 articles about pension plans.

Social Security beneficiaries will continue to rise as the funding necessary for their support continues to be at risk. In 1990, there were 39.8 million Americans collecting social security. In 2006, there were 49 million. Terms like "Social Insecurity" and the "Social Security Tsunami" are recognizable jargon in the news and on blogs.

The Social Security Tsunami was coined for the first of the Baby Boom Generation who began collecting their benefits. This is only a warning of the tidal waves to come. Additionally, Baby Boomers are unprepared to fund their retirements, especially considering the rise in health care services and drugs they'll need as their life expectancies have also risen. The latest statistic from the Center for Disease Control's National Center for Health Statistics reported that current life expectancy is 77.9 years nationwide across all gender and ethnic demographics. This is a steady rise from 75.8 years in 1995 and 69.6 years in 1955.

It is estimated that the average couple will spend $225,000 in unreimbursed medical expenses. Today, only 60.1% of Americans ages 54-64 participate in a pension or retirement plan.

How will the 40% of us not participating pay for our futures?

The solution is the self-directed plan, in which you are free to place real estate and notes and over 40 other investments. Just some of them are:

- Real Estate
- Residential and Commercial
- Rentals
- Rehabs
- Undeveloped Land

- Lease Options
- Foreclosures
- Mobile Homes
- Loans
- Mortgage Loans
- Deeds of Trust
- Promissory Notes
- Business Loans
- Tax Liens
- Limited Partnerships
- LLCs
- Privately-Held Enterprises
- International Investments
- Metals
- Currency
- Options to buy property and business
- Intellectual property
- International real estate

Wealth Principle # 2-Real Estate and Notes Can Create a Life Long, Tax Free Income Stream

Real estate investing is one of the major attractions of self-direction. Yes, you can buy commercial, residential, options to buy and more in your IRA. You can never use the real estate to live in or as an office while held in your plan, but you can distribute the real estate out to yourself after age 59 penalty free and then live in it. So, you can even buy your retirement home now and avoid the baby boom rush.

But far and away the most income strategic way to own real estate in your self directed plan is to buy it and lease it to others. The rental income is tax deferred until distributed to you. If you set up a Roth IRA or have a small business Solo 401k (see below) the distributions are never taxed so long at the assets was held in your plan for at least 5 years.

Real estate is far from the only asset that can create your life long income stream. Tax liens, notes and other business interests can make all the difference in your future. That is why we at Entrust hold frequent seminars, so even a novice can grasp these investment strategies. Veteran note and real estate investors can meet each other, and master mind even greater results. For our next meeting visit www.theEntrustgroup.com and see your local office schedule.

Answer these questions to get started on the right track:

- Do you have specific or a type of property in mind-write up a brief description and target price
- Is your IRA a ROTH or traditional IRA?
- Will you be buying together with any other individual or company, and if so will their contribution come from their IRA?
- Are you seeking financing or will the entire purchase price come from the IRA?
- Do you need help in selecting the property? If so, are you considering: commercial, residential, raw land, time-share, other?

Then take action:

Determine whether the traditional, Roth IRA, 401k or other plan best fills your needs

Open your account

Set a specific goal to achieve through your real estate IRA-number of properties you want to own, or the monthly rent role you target

Find a lender that complies with all IRS regulations (Ask for our Special Report on use of leverage in a self directed plan.)

Select property

Get together with other investors if you have a large property in mind (Ask for our Special Report on partnering between IRAs and pooling of assets)

Wealth Principal # 3 -Buy a House in Your Self-Directed Plan

If you are not ready to retire, but want to buy your retirement home now, or the raw land to build it, here or even abroad, you may do so in a self-directed plan. This is especially important if your dream home is in a retirement rising market (i.e. water-front, a villa in Croatia) that will likely get more expensive in years to come. If you lease it to others while in your plan, the income accumulates tax deferred, or tax free in the ROTH. You must either have enough money to pay the carrying costs in the IRA, or make after tax contributions (excess contribution to the IRA.) In no way can you use money out side the IRA to maintain the property, nor live in it.

Once you retire, you can then distribute the home out to yourself and live it in.

When you do, you must pay tax on the appreciation as if it was ordinary income. One strategy is to live in the property after distribution. Take a mortgage on the property to pay the IRA tax. If you sell after two years, any gain within that period is tax exempt up to $250,000, $500,000 for a couple. Of course, that means that you will have to move, but it also means that you are cashing in on the rise of the market. Here is a real life example.

A client bought an apartment in Manhattan in 1994 for $185,000 in her IRA. The apartment was leased out for several years and the cash flow was accumulated tax deferred in the IRA. The tax deferred rents netted the client $93,000 of tax deferred income. In 2002 the IRA property was then distributed out of the IRA triggering a tax on $300,000, the value of the property at date of distribution. The client lived in the property and took a $100,000 mortgage to pay the tax, and took a mortgage interest deduction for three years.

Three years later, the apartment was valued at $600,000. The client sold it and took advantage of the exclusion for gains on a primary residence of $250,000. After paying the mortgage and a tax on $50,000, the client had $425,000 in cash. The client still continues to gain tax deferred interest on the $93,000 in collected rents, and has used the $425,000 to buy a debt free smaller apartment in the same building.

If the purchase had been made in a ROTH IRA then no tax whatsoever would have been paid upon the distribution.

Wealth Principle #4 -Make Maximum Contributions, For Maximum Wealth

Contributions to IRAs ad up and allowable contributions are on the rise. Remember, there are no small IRAs, only small investment thinkers. At Entrust, every office has the story of a new investor with a tiny, under $5,000, IRA that bought a note, or an option to buy real estate and turned on an income stream or quadrupled the nest egg. For example, one such young investor bought two property options and paid $1,500 for one and $2,000 for another, selling both for over an over $20,000 tax free profit within months of the option purchases.

If you have more than one IRA, the limit applies to the total contributions made on your behalf to all your IRAs for the year. You can even make a contribution for a non-working spouse. And if you are over the age of 50 you may contribute an amount in excess of the basic annual contribution, as follows: 2007 and thereafter - $1,000

Contributions can be made to your Traditional IRA at any time during the year or by the due date for filing your return for that year, not including extensions. For most people, this means that contributions must be made by April 15. Contributions are not required. You do not have to contribute to your IRA, you may always skip a year.